

A MANUAL FOR SCHOOL TUITION ORGANIZATIONS

The individual income tax credit for donations to private school tuition organizations (STOs) became law in January 1998. The corporate income tax credit for donations to STOs became law in September 2006. The corporate income tax credit for scholarships for disabled/displaced students became law in August 2009. All three of these credits have been changed by bills passed in the 2010 second regular legislative session¹. The following information is intended to assist STOs in understanding their requirements for operation².

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¹ House Bills 2663 and 2664, Chapters 292 and 293, respectively.

² Please note that this information is subject to change. The most recent version can be determined by the date on the information posted to the Arizona Department of Revenue website, www.azdor.gov.

³ This section pertains to the “original” corporate credit. Section IV will cover the disabled/displaced corporate credit (A.R.S. § 43-1184).

I. CERTIFICATION

Any STO that wishes to receive donations from individuals⁴ or corporations⁵ for the purpose of taking an income tax credit must be certified by the Arizona Department of Revenue (ADOR). No donations can be accepted until the STO appears on the appropriate list as a certified STO. Copies of both Applications for Certification can be found at the end of this document as Attachment I and Attachment II.

How does my organization become a certified STO?

An STO can appear on the list of certified STOs, posted on the ADOR website, by completing the School Tuition Organization Application for Certification to Receive Corporate Donations and/or the School Tuition Organization Application for Certification to Receive Individual Donations.

Why are there two applications?

The law directs ADOR to maintain a list of certified STOs for purposes of the corporate donations and a list of certified STOs for purposes of individual donations. Therefore, two separate applications are required and two lists will be maintained on the ADOR website.

Why are there so many places for signatures on the certification application?

The certification form must be signed by the Executive Director or President of the STO in several places on the form to show acknowledgement of each statutory requirement. The information at the bottom of the 2nd page of the certification application is the source of information that will appear on the certified list of STOs.

Why are there spots for two e-mail addresses?

ADOR will put both e-mail addresses on the master list of STO e-mails. Two addresses are important so that more than one person affiliated with the STO receives ADOR communications.

What if the Executive Director/President or other information changes?

If the Executive Director/President changes, if your STO address changes, if your STO phone number changes, or if your website address or e-mail addresses change, please fill out and send in a new certification application. This will not affect the date of your original certification but will ensure that all information is current.

What if I don't want the Executive Director or President to appear as the contact person on the certified STO list?

If you would prefer a different person be listed as the contact person on the list of certified STOs, attach a note to the application or write a note on the bottom of the application.

What do I need to send in with my application for certification?

⁴ Effective January 1, 2011.

⁵ Effective July 29, 2010.

An STO must submit a copy of its federal 501(c)(3) designation letter with the application for certification.

How long does it take for my STO to appear on the list of certified STOs?

Allow three days after ADOR receives the certification application for the certified STO list to be updated.

Do I have to re-certify every year?

Annual recertification is not required. Once your STO appears on the list, it will only be removed at either your request or if ADOR determines your STO has violated a requirement of the law.

Will I receive anything in writing from ADOR regarding certification?

ADOR will send a letter to the STO acknowledging receipt of the certification application and indicating if the STO will appear on the certification list or if something more is needed.

II. GUIDELINES FOR STOs PARTICIPATING IN THE INDIVIDUAL INCOME TAX CREDIT PROGRAM (A.R.S. § 43-1089)⁶

To receive donations from individual taxpayers which can be claimed as an individual income tax credit, an STO must be a stand-alone 501(c)(3). The STO cannot share its 501(c)(3) designation with any other organization unless the IRS has issued a group exemption letter for the 501(c)(3) group. Additionally, the STO must submit a certification application to ADOR for participation in the individual donation program. The STO cannot receive donations from taxpayers intending to take an individual income tax credit for the donation unless the STO appears on ADOR's list of certified STOs.

An STO must include the following notice (effective January 1, 2011) in any printed materials soliciting donations, in applications for scholarships and on its website:

<p>A school tuition organization cannot award, restrict or reserve scholarships solely on the basis of donor recommendation.</p> <p>A taxpayer may not claim a tax credit if the taxpayer agrees to swap donations with another taxpayer to benefit either taxpayer's own dependent.</p>
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Why must the STO have a stand-alone 501(c)(3) designation?

The law requires that 90% of all the revenues of the 501(c)(3) will be paid out in scholarships. If the STO shares its 501(c)(3) designation with another entity, that 90% requirement cannot be met.

What font size does the required "notice" have to be in the STO publications and on the website? Does the notice have to be highlighted? Bolded?

The required "notice" must be present in an STOs printed materials, applications and website, using exactly the words shown above. There are no font size or appearance requirements; however, the notice should be in large enough font that the average person can easily read the notice.

⁶ All of the guidelines for the individual income tax credit program are effective on January 1, 2011. Many of the guidelines were present in prior law.

What must an STO do to be eligible for and retain certification for receiving donations?

The STO:

1. must allocate at least 90% of its annual revenues to scholarships;
2. shall not limit the availability of scholarships to students of one school;
3. may allow donors to designate student beneficiaries but shall not award, designate or reserve scholarships solely on the basis of donor recommendations;
4. shall not allow donors to designate student beneficiaries as a condition of any contribution to the organization
5. shall not facilitate, encourage or knowingly permit the exchange of student beneficiary designations; and
6. shall follow all other statutory requirements in A.R.S. § 43-1089 or Title 43, Chapter 16.

What does “allocating at least 90% of its annual revenues to scholarships” mean?

An STO can receive revenues from individual taxpayer donations, from interest income on bank accounts, from corporate matching funds or a variety of other ways. The law requires that 90% of all these revenues be paid out in scholarships. (The exception to this is that the cost of the STOs annual review or audit is paid out of total revenues, prior to calculation of the 90%/10% shares.)

In order to verify that an STO is following the 90% requirement, ADOR has determined that all revenues received by an STO in one year must be paid out in scholarships within the following two years or reserved for future scholarships for specific students awarded multi-year scholarships.

What about revenue received and not paid in scholarships prior to January 1, 2011, when the new law becomes effective?

ADOR will review records of donations and scholarships since the STO began operating, in conjunction with the STO, to determine a beginning balance prior to the effective date of the law change. The “old” revenue, or beginning balance, will have to be paid out in scholarships first. This is considered to be a “first-in, first-out” method of accounting for when revenue is spent. Scholarships reserved for multi-year awards to specific students from “old” revenue will be taken into account.

If my STO has \$100,000 in revenue in calendar year 2010, when must 90% of this be paid out in scholarships?

If your STO has \$100,000 in revenue received in calendar year 2010, 90% of this revenue must be paid out in scholarships by the end of calendar year 2012, except for any revenue set aside to pay for multi-year scholarships awarded to a specific student. An example of a multi-year scholarship might be when an STO decides to fund a specific student for four years of high school. The money to pay for this award can be set aside and does not have to be paid out within two years.

What does it mean that an STO cannot limit availability of scholarships to one school?

An STO cannot serve only one school. An STO must accept applications for scholarships to at least two schools. It may be that an STO only happens to receive applications for one school during a school year. In this case, the STO would be advised to contact another STO for students that may be seeking scholarships to other schools. Annual reports filed with ADOR that list scholarships paid to only

one school will result in the STO being asked to prove to ADOR that scholarships were not limited to one school alone.

Can the STO work with the school in awarding scholarships?

Awarding scholarships is the responsibility of the STO alone. Statutory requirements governing the granting of scholarships apply to STOs, not schools. Therefore, by allowing schools to award scholarships, STOs are bypassing statutory requirements. This does not mean that a school cannot recommend students to the STO for scholarships. However, the criteria for awarding the scholarship and the actual selection of scholarship recipients should be determined by the STO.

On what basis can an STO award scholarships?

An STO can award scholarships out of individual donations on whatever basis it desires. However, the law does say that the STO must consider financial need. For reporting purposes, an STO must gather household income information for all its scholarship recipients. This is covered in greater detail later in this document.

Can a student receive scholarships under this program from multiple STOs?

Yes.

Can a student receive a scholarship from individual donations and from the original corporate credit program?

Yes. As long as the student's family income meets the original corporate credit limitations, that student could receive a scholarship from the original corporate credit program and from the individual donation program. That student could also receive a scholarship from the disabled/displaced scholarship program if qualified. That student could also receive a scholarship from more than one STO for more than one donation program.

The law says that an STO must award scholarships to a qualified school. What is a qualified school?

Qualified school means a nongovernmental primary or secondary school, or a preschool for handicapped students, that is located in Arizona and that does not discriminate based on race, color, handicap, familial status or national origin. Qualified school does not include a charter school or any program operated by a charter school.

What if, after reading the definition of a qualified school, I'm still unsure if the school is qualified?

An STO can request a determination as to whether or not a private school is a qualified school by writing Ernest Powell, Tax Policy and Research Division, Arizona Department of Revenue, 1600 W. Monroe, 8th Floor, Phoenix, AZ, 85007.

Is this definition different from the definition of qualified school for the original corporate donation programs or the disabled/displaced corporate donation program?

Yes. The individual program allows preschools for handicapped children to be qualified schools. Preschools cannot receive scholarships from either of the corporate donation programs. The individual program and the "original" corporate donation program can include kindergarten scholarships but the disabled/displaced corporate donation program cannot. The "original" corporate donation program has

the additional qualifications of fingerprinting of school personnel and nationally standardized norm-referenced achievement testing.

Will the amount of the individual income tax credit (\$500 for single, unmarried head of household and married filing separate, \$1000 for married filing joint) always remain the same?

No. The amount of the individual income tax credit is to be indexed annually, based on the growth in the Metropolitan Phoenix CPI, beginning 1/1/11. If the CPI decreases, the credit amount is not to be indexed downward. The credit amounts for tax year 2010 are \$500 and \$1000. The credit amounts for tax year 2011 remain at \$500 and \$1000 because the CPI decreased.

Can a taxpayer direct his or her recommendation to the benefit of their dependent?

No. A taxpayer's donation for the individual income tax credit cannot be directed to the benefit of the taxpayer's dependent.

Can a donation have a student recommendation?

Yes. However, the donation cannot be made on the condition that a particular student get a scholarship, nor can the STO give a scholarship solely on the basis of a donor recommendation.

Can the STO accept donations through United Way or a similar "umbrella" organization?

These donations are not eligible for the tax credit. While the STO can certainly accept such donations, the donors are not entitled to take the private school tuition organization credit. The law states that the donor must make the contribution to a school tuition organization. The only instance the law refers to in which the donation can be made on the donor's behalf is through the donor's employer by way of payroll deduction.

When is the next annual report from STOs participating in the individual income tax credit for donation program due to ADOR?

The next annual report from an STO for regarding individual donations received and scholarships paid is due to ADOR on February 28, 2011. This report will cover calendar year 2010. The following pieces of information are required from the STO:

1. Name, address and contact person of the STO;
2. Total # of contributions received during calendar year 2010;
3. Total \$ amount of contributions received during calendar year 2010;
4. Total # of children receiving educational scholarships or tuition grants during calendar year 2010;
5. Total \$ amount of educational scholarships or tuition grants paid in calendar year 2010;
6. Name and address of each school to which the educational scholarships or tuition grants went; and,
7. The number and \$ amount of educational scholarships or tuition grants going to each school in calendar year 2010.

This is the last annual report that will be done on a calendar year basis. This will be the report that determines the amount of "old" money available to STOs to spend before applying the 2-year rule to "new" money. Therefore, one additional piece of information will be required by ADOR: the total

dollar amount of scholarship money being held for identified students' scholarships in future years. An example of the report can be found at the end of this document as Attachment III.

What happens with the annual reports after February 28, 2010?

After February 28, 2010, the annual reports will be on a fiscal year basis. Fiscal year means the period July 1 through June 30. The first annual report for a fiscal year will be due on September 30, 2011, for fiscal year 2011 (July 1, 2010 through June 30, 2011). Beginning with this report, the following information is required from STOs:

1. Name, address and contact person of the STO;
2. Total STO revenues related to individual donations received in the fiscal year (July 1 through June 30);
3. Total # of contributions received during the fiscal year (from July 1 through June 30);
4. Total \$ amount of contributions received during the fiscal year (from July 1 through June 30);
5. Total # of children receiving educational scholarships or tuition grants during the fiscal year (from July 1 through June 30);
6. Total \$ amount of educational scholarships or tuition grants paid in the fiscal year (from July 1 through June 30);
7. Total \$ amount of scholarship money being held for identified students' scholarships in future years;
8. Total \$ amount of scholarships paid during the fiscal year to students whose family income is up to 185% of poverty level;
9. Total \$ amount of scholarships paid during the fiscal year to students whose family income is greater than 185% of poverty level but not more than 342.25% of poverty level;
10. Cost of audits and financial reviews pursuant to A.R.S. § 43-1607. (This piece of information may be unavailable for the annual report due September 30, 2011, because the STO may not have paid for an audit or review yet.);
11. Name and address of each school to which the educational scholarships or tuition grants were paid;
12. The number and \$ amount of educational scholarships or tuition grants going to each school in the fiscal year;
13. Total \$ amount of scholarship money being held for identified students' scholarships in future years; and,
14. Names, job titles and annual salaries of the 3 employees who receive the highest annual salaries from the STO.

For fiscal year 2011 only, the STO will need to break the information provided into scholarships and donations six-month periods, July 1 through December 31 and January 1 through June 30, 2011. This is necessary to avoid double-counting donations and scholarships during the transition period from calendar year reporting to fiscal year reporting.

An example of the report can be found at the end of this document as Attachment IV.

One of the new items ADOR is asking for on the annual report is total revenues related to individual donations. What does this mean?

In order for ADOR to determine if the STO is complying with the 90% rule, the STO will have to report total revenues received in the fiscal year. Total revenues includes donations, interest earned on individual donations, corporate matching funds (that wouldn't be part of the corporate credit because it didn't go through an approval process), out-of-state donations, etc.

In the listing of information items requested on the annual report, emphasis is placed on the words "received" and "paid." Why?

STO reporting has always been on a cash basis: How much in donations was actually received during the reporting period? This wouldn't include checks dated within the reporting period but not actually received until the following reporting period. How much in scholarships was paid out in the reporting period? This wouldn't include scholarships that were promised or awarded but not actually paid.

How do I determine the family income for the scholarship recipients?

For each student to whom you award a scholarship beginning January 1, 2011, the family will have to provide information on household income as defined by the United States Department of Agriculture (USDA). The USDA has a definition of income which is used to determine if a child is eligible for free or reduced price lunches. For USDA purposes, annual income equals:

Earnings from work:

- Wages, salaries, tips, commissions
- Net income from self-owned businesses and farms
- Strike benefits, unemployment compensation and worker's compensation

Welfare/child support/alimony:

- Public assistance payments/welfare benefits (TANF, General Assistance, General Relief, etc.)
- Alimony and child support payments
- NOTE: Food stamps and FDPIR benefits are not included in income.

Pensions/retirement/social security:

- Pensions, retirement income, veteran's benefits
- Social security
- Supplemental security income
- Disability benefits

All other income:

- Net rental income, annuities, net royalties
- Interest, dividend income
- Cash withdrawn from savings; income from estates, trust and/or investments
- Regular contributions from persons not living in the household
- Any other money that may be available to pay for the child(ren)'s meals

The family will also need to let you know the number of household members.

The USDA form (located at <http://www.fns.usda.gov/cnd/frp/frp.process.htm>) can be used or an STO may create its own form. The USDA form is often completed for a period of less than a year; if the STO uses the USDA form, the information provided must be annualized.

Why is a USDA form to be used for determining income?

The law states that the scholarships paid must be reported based on income levels related to qualifying for free or reduced price lunches. The USDA includes specific types of income in determining eligibility for free or reduced priced lunches. Therefore, STOs will have to make the same type of income determination to satisfy statutory reporting requirements.

Once I determine the household income for the scholarship recipient, how do I find the federal income levels?

Income levels for free or reduced price lunches can be found at <http://www.fns.usda.gov/cnd/Governance/notices/iegs/IEGs.htm>. As of the writing of this document, the USDA has announced it will use the fiscal year 2010 eligibility guidelines for fiscal year 2011 until further notice. Reduced price lunch annual income eligibility guidelines by household size are shown in the table below, along with the next income threshold comparison identified in statute.

Household Size	Reduced price lunch income threshold (185% of poverty level)	342.25% of poverty level (185% of 185% of poverty level)
1	\$20,036	\$37,067
2	\$26,955	\$49,867
3	\$33,874	\$62,667
4	\$40,793	\$75,467
5	\$47,712	\$88,267
6	\$54,631	\$101,067
7	\$61,550	\$113,867
8	\$68,469	\$126,668
Each additional member	\$6,919	\$12,800

Therefore, for annual report purposes, the STO would report the amount of scholarships paid out to students with household incomes of reduced price lunch income thresholds or less and the amount of scholarships paid out to students with household incomes from the reduced price lunch income thresholds up to 342.25% of poverty level.

Do I need to start asking for family income from my scholarship recipients now? If I don't, I won't have a full year of family income data with which to separate the scholarship funding.

The first fiscal year report will not have a full year's data on family income. Since the law is not effective for the individual donation program until January 1, 2011, you do not need to start asking for income information until then.

Are foster children accounted for differently?

Yes. The income for the family with whom the foster child is living should not be considered. For a foster child, the only income considered is the amount of the foster child's "personal use" income.

Does my STO have to have a financial review or audit?

Yes. The new law requires either financial audits or reviews for all STOs accepting individual donations.

What do the financial reviews or audits involve?

STOs receiving \$1 million or more in individual donations in the previous fiscal year must provide for a financial audit of the organization. The audit must be conducted according to generally accepted auditing standards. The audit must evaluate the STO's compliance with the fiscal requirements of Title 43, Chapter 16, Article 1. The audit must be conducted by an independent CPA licensed in Arizona. The CPA and the firm with which the CPA is affiliated must be independent with respect to the STO, its officers and directors.

STOs receiving less than \$1 million in individual donations in the previous fiscal year must provide for a financial review of the organization. The review must be conducted in accordance with standards for accounting and review services and must evaluate the STO's compliance with the fiscal requirements of Title 43, Chapter 16, Article 1.

When must the financial audit or review be complete?

The STO must have an engagement letter with a CPA by September 30 of each year. A copy of this letter should be attached to the STO's annual report. The first audit or review must be provided for by September 30, 2011 for fiscal year 2011. The audit or review should be complete and submitted by December 31.

Do I need to send a copy of the audit or review to ADOR?

A copy of the audit or review must be received by ADOR within 5 days of its receipt by the STO. The STO should send a copy of the audit or review by certified mail to:

Georganna Meyer
Chief Economist
OERA, Arizona Department of Revenue
1600 W. Monroe, 9th Floor
Phoenix, AZ 85007

III. GUIDELINES FOR STOs PARTICIPATING IN THE CORPORATE TAX CREDIT PROGRAM⁷ (A.R.S. § 43-1183)

To receive donations from corporations which can be claimed as a corporate income tax credit or an insurance premium tax credit, an STO must be a stand-alone 501(c)(3). The STO cannot share its 501(c)(3) designation with any other organization unless the IRS has issued a group exemption letter for the 501(c)(3) group. Additionally, the STO must submit a certification application to ADOR for participation in the corporate donation program. The STO cannot receive donations from corporations intending to take a corporate income tax credit or an insurance premium tax credit for the donation unless the STO appears on ADOR's list of certified STOs.

Why must the STO have a stand-alone 501(c)(3) designation?

The law requires that 90% of all revenues of the 501(c)(3) will be paid out in scholarships. If the STO shares its 501(c)(3) designation with another entity, that 90% requirement cannot be met.

What must an STO do to be eligible for and retain certification for receiving donations?

The STO:

1. must allocate at least 90% of its annual revenues to scholarships;
2. shall not limit the availability of scholarships to students of one school;
3. must allow ADOR to verify that the scholarships issued are awarded to students attending a qualified school; and
4. shall follow all other statutory requirements in A.R.S. § 43-1089 or Title 43, Chapter 15.

What does "allocating at least 90% of its annual revenues to scholarships" mean?

An STO can receive revenues from corporate donations, from interest income on bank accounts containing corporate donations, or a variety of other ways. The law requires that 90% of all these revenues be paid out in scholarships. (The exception to this is that the cost of the STOs annual review or audit is paid out of total revenues, prior to calculation of the 90%/10% shares.)

In order to verify that an STO is following the 90% requirement, ADOR has determined that all revenues received by an STO in one year must be paid out in scholarships within the following two years or reserved for future scholarships for specific students awarded multi-year scholarships.

What about revenue received and not paid in scholarships prior to July 29, 2010, when the new law becomes effective?

ADOR will review records of donations and scholarships since the STO began operating, in conjunction with the STO, to determine a beginning balance prior to the effective date of the law change. The "old" revenue, or beginning balance, will have to be paid out in scholarships first. This is considered to be a "first-in, first-out" method of accounting for when revenue is spent. Scholarships reserved for multi-year awards to specific students from "old" revenue will be taken into account.

⁷ This section pertains to the "original" corporate credit. Section IV will cover the disabled/displaced corporate credit (A.R.S. § 43-1184).

If my STO has \$100,000 in revenue in calendar year 2010, when must 90% of this be paid out in scholarships?

If your STO has \$100,000 in revenue received in calendar year 2010, 90% of this revenue must be paid out in scholarships by the end of calendar year 2012, except for any revenue set aside to pay for multi-year scholarships awarded to a specific student. An example of a multi-year scholarship might be when an STO decides to fund a specific student for four years of high school. The money to pay for this award can be set aside and does not have to be paid out within two years.

In future years, the cost of the STO's audit or review would first be subtracted from the \$100,000. Then the 90% calculation would occur to determine the amount that must be paid out or reserved.

What does it mean that an STO cannot limit availability of scholarships to one school?

An STO cannot serve only one school. An STO must accept applications for scholarships to at least two schools. It may be that an STO only happens to receive applications for one school. In this case, the STO would be advised to contact another STO for students that may be seeking scholarships to other schools. Annual reports filed with ADOR that list scholarships paid to only one school will result in the requirement that the STO prove to ADOR scholarships were not limited to that school alone.

Can the STO work with the school in awarding scholarships?

Awarding scholarships is the responsibility of the STO alone. Statutory requirements governing the granting of scholarships apply to STOs, not schools. Therefore, by allowing schools to award scholarships, STOs are bypassing statutory requirements. This does not mean that a school cannot recommend students to the STO for scholarships. However, the criteria for awarding the scholarship and the actual selection of scholarship recipients should be determined by the STO.

The law says that an STO must award scholarships to a qualified school. What is a qualified school?

Qualified school means a nongovernmental primary or secondary school that is located in Arizona and that does not discriminate based on race, color, handicap, familial status or national origin. A qualified school must annually administer and make available to the public the aggregate test scores of its students on a nationally standardized norm-referenced achievement test. A qualified school must require all teaching staff and any personnel that have unsupervised contact with students to be fingerprinted. Qualified school does not include a charter school or any program operated by a charter school.

What if, after reading the definition of a qualified school, I'm still unsure if the school is qualified?

An STO can request a determination as to whether or not a private school is a qualified school by writing Ernest Powell, Tax Policy and Research Division, Arizona Department of Revenue, 1600 W. Monroe, 8th Floor, Phoenix, AZ, 85007.

Is this definition different from the definition of qualified school for the individual donation program or the disabled/displaced corporate donation program?

Yes. The individual program allows preschools for handicapped children to be qualified schools. Preschools cannot receive scholarships from either of the corporate donation programs. The individual

program and the “original” corporate donation program can include kindergarten scholarships but the disabled/displaced corporate donation program cannot. The “original” corporate donation program has the additional qualifications of fingerprinting of school personnel and nationally standardized norm-referenced achievement testing.

On what basis can an STO award scholarships from the corporate tax credit donations?

To qualify for a scholarship under the original corporate tax credit, the student’s family income cannot exceed 185% of the income required to qualify a child for reduced price lunches AND who either:

Attended a public school as a full-time student for at least the first 100 days of the prior fiscal year and then transferred from the public school to a private school; or

Is enrolling in a private school kindergarten; or

Received a scholarship according to one of the two requirements above if the child continues to attend a private school in a subsequent year.

Is a child that has been home-schooled in the previous year eligible for a corporate scholarships?

No. The law clearly states that the child must have attended public school for the at least the first 100 days in the prior year.

How do I determine the family income for the scholarship recipients?

For each student to whom you award a scholarship beginning January 1, 2011, the family will have to provide information on household income as defined by the United States Department of Agriculture (USDA). The USDA has a definition of income which is used to determine if a child is eligible for free or reduced price lunches. For USDA purposes, annual income equals:

Earnings from work:

Wages, salaries, tips, commissions

Net income from self-owned businesses and farms

Strike benefits, unemployment compensation and worker’s compensation

Welfare/child support/alimony:

Public assistance payments/welfare benefits (TANF, General Assistance, General Relief, etc.)

Alimony and child support payments

NOTE: Food stamps and FDPIR benefits are not included in income.

Pensions/retirement/social security:

Pensions, retirement income, veteran’s benefits

Social security

Supplemental security income

Disability benefits

All other income:

Net rental income, annuities, net royalties

Interest, dividend income

Cash withdrawn from savings; income from estates, trust and/or investments

Regular contributions from persons not living in the household

Any other money that may be available to pay for the child(ren)'s meals

The family will also need to let you know the number of household members.

The USDA form (located at <http://www.fns.usda.gov/cnd/frp/frp.process.htm>) can be used or an STO may create its own form. The USDA form is often completed for a period of less than a year; if the STO uses the USDA form, the information provided must be annualized.

Why is a USDA form to be used for determining income?

The law states that the scholarships paid must be reported based on income levels related to qualifying for free or reduced price lunches. The USDA includes specific types of income in determining eligibility for free or reduced priced lunches. Therefore, STOs will have to make the same type of income determination to satisfy statutory reporting requirements.

Once I determine the household income for the scholarship recipient, how do I find the federal income levels?

Income levels for free or reduced price lunches can be found at <http://www.fns.usda.gov/cnd/Governance/notices/iegs/IEGs.htm>. As of the writing of this document, the USDA has announced it will use the fiscal year 2010 eligibility guidelines for fiscal year 2011 until further notice. Reduced price lunch annual income eligibility guidelines by household size are shown in the table below, along with the next income threshold comparison identified in statute.

Household Size	342.25% of poverty level (185% of 185% of poverty level)
1	\$37,067
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7	\$113,867
8	\$126,668
Each additional member	\$12,800

Are foster children accounted for differently?

Yes. The income for the family with whom the foster child is living should not be considered. For a foster child, the only income considered is the amount of the foster child's personal use income.

How do I know if a student attended public school for the first 100 days of the prior school year?

The STO must verify that the student applying for a scholarship attended public school in the first 100 days of the prior school year if this is not a student entering kindergarten or continuing in STO-funded private school education from the prior year. The STO should require that the parent provide a

letter or document from the public school verifying dates of attendance for the most recent two academic years.

There is a student who was eligible for the corporate scholarship last year and received money from another STO. This year that STO doesn't have the corporate money to fund this student's scholarship and the student is asking my STO to do corporate funding. Is this student eligible for our corporate money even though we didn't take them through the initial qualifying process for corporate funding?

Yes. If the student started in the corporate scholarship program, another STO can take over their scholarship funding without making the student start over.

Is there a limit to the scholarship amounts funded through corporate donations?

Yes. The original law set scholarship limitations that were to be increased by \$100 every year thereafter. The scholarship limitations for academic year 2010/2011 are \$4600 for grades K through 8 and \$5900 for grades 9 through 12.

Can a student's family receive scholarships under this program from multiple STOs?

Yes. In this case the scholarship limit applies to the scholarship received from each STO; it does not apply to the total scholarships received from all STOs in aggregate.

Can a student receive a scholarship from individual donations and from the original corporate credit program?

Yes. As long as the student's family income meets the original corporate credit limitations, that student could receive a scholarship from the original corporate credit program and from the individual donation program. That student could also receive a scholarship from the disabled/displaced scholarship program if qualified. That student could also receive a scholarship from more than one STO from more than one donation program.

Is there any limit to the amount of money corporations can donate in total in a fiscal year?

Yes. The original law set a limit of \$10 million for corporate donations and allowed a 20% increase in this amount each fiscal year. The corporate donation limitation for fiscal year 2011 will be \$20.736 million.

Is there any limit to the amount of money a single corporation can donate?

No.

How does the corporate donation process work?

1. A corporation contacts the STO to which they wish to donate or the STO contacts corporations to solicit donations.
2. The corporation indicates the amount of donation they wish to make.
3. The STO fills out an approval form created by ADOR and mails it to Georganna Meyer by EXPRESS mail. A copy of the approval form is attached as Attachment V. For this program, check the box at the top that says "This donation is for the corporate tuition organization credit (A.R.S. § 43-1183)."

4. Be sure to check the appropriate box if the corporation you are dealing with is an insurance company. ADOR must let the Arizona Department of Insurance know what corporations are taking this credit. If the box is not checked, ADOR won't let the Arizona Department of Insurance know of the donation and the insurance premium tax credit claim would be denied.
5. Georganna Meyer responds to the request for approval within 20 days. The request shall be approved if there is credit available under the maximum allocation allowed for the fiscal year.
6. Georganna Meyer will fax approval or denial to the STO.
7. If the donation is approved, the STO has 10 days to receive the donation from the corporation. (This is ten calendar days but consideration will be made for holidays that fall in the 10-day period.)
8. The STO must notify ADOR of receipt of the donation or if the STO does not receive a timely donation from the corporation. ADOR needs to know the exact date the donation is received.

Instructions for this procedure and the approval form can be found on the ADOR website. The addresses for the procedures and for the form are listed below. The application for approval can be found at the end of this document as Attachment V.

www.azdor.gov/LinkClick.aspx?fileticket=U0APyV2VUrw%3d&tabid=136&mid=595.

http://www.azdor.gov/LinkClick.aspx?fileticket=QNural_8m0%3d&tabid=136&mid=595

The corporate donation process indicates that the pre-approval must be sent EXPRESS mail. Can't I just fax the form to Georganna?

No. The amount of money that can be donated by a corporation is limited. The only way to determine whose donation is approved under the limitation is to require a date and time stamp, which appears on EXPRESS mail. Not every STO is close enough to ADOR to hand-deliver the approval form and not all STOs necessarily have access to fax. Therefore, the only way to give all STOs an equal opportunity to have their corporate donations approved is to require EXPRESS mail.

Can an S-corp participate in this tax credit?

If the S-corp files its income tax on a 120 Corporate Income Tax Return, then it can donate money to receive a credit. If the S-corp passes its liability through to its individual shareholders or partners, it cannot donate money to receive a credit under this program.

Can a corporation direct its donation to the benefit of a particular student?

No.

My STO provided a scholarship to a student to attend a particular school. Now that family wants the student to attend a different school. Is this okay?

According to the law, an STO must require that students use their scholarships on a full-time basis. If a child leaves the school before completing an entire school year, the school shall refund the unused portion of the scholarship. The STO shall use the refunded portion for future year scholarships.

When is the next annual report from STOs for corporate donations due to ADOR?

The next annual report from an STO for corporate donations is due to ADOR on June 30, 2011. This report will cover calendar year 2010. The following pieces of information are required from the STO:

1. Name, address and contact person of the STO;
2. Total # of contributions received during calendar year 2010;
3. Total \$ amount of contributions received during calendar year 2010;
4. Total # of children receiving educational scholarships or tuition grants during calendar year 2010;
5. Total \$ amount of educational scholarships or tuition grants paid in calendar year 2010;
6. Name and address of each school to which the educational scholarships or tuition grants went; and,
7. The number and \$ amount of educational scholarships or tuition grants going to each school in calendar year 2010.

This is the last annual report that will be done on a calendar year basis. This will be the report that determines the amount of “old” money available to STOs to spend before applying the 2-year rule to “new” money. Therefore, one additional piece of information will be required by ADOR: the total dollar amount of scholarship money being held for identified students’ scholarships in future years. An example of the report can be found at the end of this document at Attachment VI.

What happens with the annual reports after June 30, 2010?

After June 30, 2010, the annual reports will be on a fiscal year basis. Fiscal year means the period July 1 through June 30. The first annual report for a fiscal year will be due on September 30, 2011, for fiscal year 2011 (July 1, 2010 through June 30, 2011). Beginning with this report, the following information is required from STOs:

1. Name, address and contact person of the STO;
2. Total STO revenues related to corporate donations received in the fiscal year (July 1 through June 30);
3. Total # of contributions received during the fiscal year (from July 1 through June 30);
4. Total \$ amount of contributions received during the fiscal year (from July 1 through June 30);
5. Total # of children receiving educational scholarships or tuition grants during the fiscal year (from July 1 through June 30);
6. Total \$ amount of educational scholarships or tuition grants paid in the fiscal year (from July 1 through June 30);
7. Total \$ amount of scholarship money being held for identified students’ scholarships in future years;
8. Cost of audits and financial reviews pursuant to A.R.S. § 43-1607. (This piece of information may be unavailable for the annual report due September 30, 2011, because the STO may not have paid for an audit or review yet.);
9. Name and address of each school to which the educational scholarships or tuition grants were paid;

10. The number and \$ amount of educational scholarships or tuition grants going to each school in the fiscal year;
11. Total \$ amount of scholarship money being held for identified students' scholarships in future years; and,
12. Names, job titles and annual salaries of the 3 employees who receive the highest annual salaries from the STO.

For fiscal year 2011 only, the STO will need to break the scholarship and donation information provided into six-month periods, July 1 through December 31 and January 1 through June 30, 2011. This is necessary to avoid double-counting donations and scholarships during the transition period from calendar year reporting to fiscal year reporting. An example of the report can be found at the end of this document as Attachment VII.

One of the new items ADOR is asking for on the annual report is total revenues related to corporate donations. What does this mean?

In order for ADOR to determine if the STO is complying with the 90% rule, the STO will have to report total revenues received in the fiscal year. Total revenues includes donations, interest earned on corporate donations, out-of-state donations, etc.

In the listing of information items requested on the annual report, emphasis is placed on the words "received" and "paid." Why?

STO reporting has always been on a cash basis. How much in donations was actually received during the reporting period? This wouldn't include checks dated within the reporting period but not actually received until the following reporting period. How much in scholarships was paid out in the reporting period? This wouldn't include scholarships that were promised or awarded but not actually paid.

Does my STO have to have a financial review or audit?

Yes. The new law requires either financial audits or reviews for all STOs accepting corporate donations.

What do the financial reviews or audits involve?

STOs receiving \$1 million or more in "original" corporate donations plus disabled/displaced corporate donations in the previous fiscal year must provide for a financial audit of the organization. The audit must be conducted according to generally accepted auditing standards. The audit must evaluate the STO's compliance with the fiscal requirements of Title 43, Chapter 15, Article 1. The audit must be conducted by an independent CPA licensed in Arizona. The CPA and the firm with which the CPA is affiliated must be independent with respect to the STO, its officers and directors.

STOs receiving less than \$1 million in "original" corporate donations plus disabled/displaced corporate donations in the previous fiscal year must provide for a financial review of the organization. The review must be conducted in accordance with standards for accounting and review services and must evaluate the STO's compliance with the fiscal requirements of Title 43, Chapter 15, Article 1.

So my STO received \$950,000 in “original” corporate donations and \$100,000 in disabled/displaced corporate donations. Do we have to have an audit or review?

Your STO must have an audit. The total corporate donations from both programs exceed \$1 million.

When must the financial audit or review be complete?

The STO must have an engagement letter with a CPA by September 30 of each year. A copy of this letter should be attached to the STO’s annual report. The first audit or review must be provided for by September 30, 2011 for fiscal year 2011. The audit or review should be complete and submitted by December 31.

Do I need to send a copy of the audit or review to ADOR?

A copy of the audit or review must be received by ADOR within 5 days of its receipt by the STO. The STO should send a copy of the audit or review by certified mail to:

Georganna Meyer
Chief Economist
OERA, Arizona Department of Revenue
1600 W. Monroe, 9th Floor
Phoenix, AZ 85007

IV. GUIDELINES FOR STOs PARTICIPATING IN THE DISABLED/DISPLACED CORPORATE TAX CREDIT PROGRAM (A.R.S. § 43-1184)

To receive donations from corporations which can be claimed as a corporate income tax credit or an insurance premium tax credit and used for scholarships for disabled/displaced students, an STO must be a stand-alone 501(c)(3). The STO cannot share its 501(c)(3) designation with any other organization unless the IRS has issued a group exemption letter for the 501(c)(3) group. Additionally, the STO must submit a certification application to ADOR for participation in the corporate donation program. The STO cannot receive donations from corporations intending to take a corporate income tax credit or an insurance premium tax credit for the donation unless the STO appears on ADOR’s list of certified STOs.

Why must the STO have a stand-alone 501(c)(3) designation?

The law requires that 90% of all revenues of the 501(c)(3) will be paid out in scholarships. If the STO shares its 501(c)(3) designation with another entity, that 90% requirement cannot be met.

What must an STO do to be eligible for and retain certification for receiving donations?

The STO:

1. must allocate at least 90% of its annual revenues to scholarships;
2. shall not limit the availability of scholarships to students of one school;
3. must allow ADOR to verify that the scholarships issued are awarded to students attending a qualified school; and
4. shall follow all other statutory requirements in A.R.S. § 43-1089 or Title 43, Chapter 15.

What does “allocating at least 90% of its annual revenues to scholarships” mean?

An STO can receive revenues from corporate donations, from interest income on bank accounts containing corporate donations for funding disabled/displaced scholarships, or a variety of other ways. The law requires that 90% of all these revenues be paid out in scholarships. (The exception to this is that the cost of the STOs annual review or audit is paid out of total revenues, prior to calculation of the 90%/10% shares.)

In order to verify that an STO is following the 90% requirement, ADOR has determined that all revenues received by an STO in one year must be paid out in scholarships within the following two years or reserved for future scholarships for specific students awarded multi-year scholarships.

What about revenue received and not paid in scholarships prior to July 29, 2010, when the new law becomes effective?

ADOR will review records of donations and scholarships since the STO began operating, in conjunction with the STO, to determine a beginning balance prior to the effective date of the law change. The “old” revenue, or beginning balance, will have to be paid out in scholarships first. This is considered to be a “first-in, first-out” method of accounting for when revenue is spent. Scholarships reserved for multi-year awards to specific students from “old” revenue will be taken into account.

If my STO has \$100,000 in revenue in calendar year 2010, when must 90% of this be paid out in scholarships?

If your STO has \$100,000 in revenue received in calendar year 2010, 90% of this revenue must be paid out in scholarships by the end of calendar year 2012, except for any revenue set aside to pay for multi-year scholarships awarded to a specific student. An example of a multi-year scholarship might be when an STO decides to fund a specific student for four years of high school. The money to pay for this award can be set aside and does not have to be paid out within two years.

In future years, the cost of the STO’s audit or review would first be subtracted from the \$100,000. Then the 90% calculation would occur to determine the amount that must be paid out or reserved.

What does it mean that an STO cannot limit availability of scholarships to one school?

An STO cannot serve only one school. An STO must accept applications for scholarships to at least two schools. It may be that an STO happens to receive applications for only one school. In this case, the STO would be advised to contact another STO for students that may be seeking scholarships to other schools. Annual reports filed with ADOR that list scholarships paid to only one school will result in the requirement that the STO prove to ADOR scholarships were not limited to that school alone.

The law says that an STO must award scholarships to a qualified school. What is a qualified school?

Qualified school means a nongovernmental primary or secondary school that is located in Arizona and that does not discriminate based on race, color, handicap familial status or national origin. Qualified school does not include a charter school or any program operated by a charter school.

What if, after reading the definition of a qualified school, I’m still unsure if the school is qualified?

An STO can request a determination as to whether or not a private school is a qualified school by writing Ernest Powell, Tax Policy and Research Division, Arizona Department of Revenue, 1600 W. Monroe, 8th Floor, Phoenix, AZ, 85007.

Is this definition different from the definition of qualified school for the individual or the original corporate donation program?

Yes. The individual program allows preschools for handicapped children to be qualified schools. Preschools cannot receive scholarships from either of the corporate donation programs. The individual program and the “original” corporate donation program can include kindergarten scholarships but the disabled/displaced corporate donation program cannot. The “original” corporate donation program has the additional qualifications of fingerprinting of school personnel and nationally standardized norm-referenced achievement testing.

On what basis can an STO award scholarships from the disabled/displaced corporate tax credit donations?

To qualify for a scholarship under the disabled/displaced corporate tax credit, the student must have an Arizona Individual Education Plan (IEP), a 504 or was placed in the Arizona foster care system and:

Received a scholarship in the 2008/2009 academic year from the Arizona Department of Education; or

Attended a public school as a full-time student for at least the first 100 days of the prior fiscal year and then transferred from the public school to a private school; or

Qualified for a scholarship according to one of the two requirements above if the child continues to attend a private school in a subsequent year.

How can I determine if a student meets the disabled/displaced requirements?

ADOR maintains the list of qualified disabled/displaced students. When the STO receives a disabled/displaced scholarship application, they must verify with the parent that the student has applied for eligibility with ADOR or is already on the qualified student list. Have the parent contact Karen Jacobs at ADOR (602-716-6923 or email kjacobs@azdor.gov) to discuss the application for eligibility. A copy of the application for eligibility can be found at the end of this document as Attachment VIII.

Do I need to verify if a student attended public school for the first 100 days of the prior school year?

As part of the application for eligibility, the parent is required to provide ADOR with a letter or document from the public school verifying dates of attendance for the most recent two academic years.

Do I need to verify if a student attended a qualified private school in the previous year?

Once a student is placed on the qualified disabled/displaced student list, they must continue to attend a qualified school in order to remain on the qualified student list and be eligible for a disabled/displaced scholarship. The STO must verify that the student applying for a scholarship continued to attend a qualified school in order to be eligible in subsequent years.

Can the STO receive information on any qualified student if they request?

STOs must have parents complete the “information release form” and forward a copy to ADOR (by fax at 602-716-7991 or email kjacobs@azdor.gov). Please make sure that the STO contact information is listed and that the parent or guardian provides their contact information as well as signature. ADOR cannot provide any information to the STO without the information release form. A copy of the information release form can be found at the end of this document as Attachment IX.

Is there a limit to the scholarship amounts funded through disabled/displaced corporate donations?

Yes. The amount of the scholarship that is issued by the STO to disabled/displaced students from disabled/displaced corporate donations shall not exceed the lesser of the cost of tuition to attend the qualified school or 90% of the amount of state aid that would otherwise have been computed for the student in Title 15, Chapter 9, Article 15.

How does the STO know the amount of scholarship that can be awarded to the disabled/displaced student?

The maximum scholarship amount will vary by student. ADOR will prepare a “scholarship limit form” for each student that will provide the STO with the student’s maximum scholarship amount for the current academic year and the amount available if different. A sample of the scholarship limit form can be found at the end of this document as Attachment X.

What is the process an STO needs to follow when ready to award a scholarship to the disabled/displaced student?

1. When an STO is ready to award a scholarship, the STO will provide ADOR the following student information:

- Student full name
- Current academic year grade
- Private school name
- Full year tuition amount– please do not provide partial year tuition
- For continuing students: name of private school attended in prior year.

This information is to be forwarded by email to kjacobs@azdor.gov. Information for multiple students can be included on one list or spreadsheet.

2. ADOR will prepare a “scholarship limit form” for each student that will provide the STO with the student’s maximum scholarship amount for the current academic year and the amount available if different (for those cases where another STO has already awarded a scholarship and reduced the available amount). The scholarship limit forms will be emailed to the STO.

3. The STO will complete the bottom portion of the student’s scholarship limit form with the actual amount of the scholarship they will be awarding. The STO is to email (kjacobs@azdor.gov) or fax (602-716-7991) the completed scholarship limit form back to ADOR. This form must be returned to ADOR in order to keep track of the scholarships awarded to each student. If ADOR does not receive a completed scholarship limit form from the STO, it will be assumed that a scholarship has not been awarded.

4. ADOR will email a confirmation of the student’s scholarship amount to the STO when the completed scholarship limit form has been received.

Please do not request the maximum scholarship amount until you are ready to consider awarding scholarships. If you wait too long, the available scholarship information may change when other STOs award a scholarship to the same student.

Can an STO give a disabled/displaced scholarship without verifying the student's maximum scholarship limit?

No. The STO should not issue any disabled/displaced scholarship until receiving confirmation of the scholarship amount from ADOR.

Can the family of the disabled/displaced student apply to more than one STO for scholarships?

Yes. A student can receive multiple disabled/displaced scholarships as long as the sum total does not exceed the maximum scholarship limit for the student.

Can an STO give disabled/displaced students a scholarship out of individual donations or the original corporate donations?

Yes. An STO can choose to give disabled/displaced students scholarships from individual donations or from the original corporate credit donations (if the income requirements are met). These scholarships can be provided in addition to a scholarship from the disabled/displaced corporate donations. However, under the disabled/displaced law, scholarships from these other programs are outside the cost of tuition/90% of state aid limitations. Therefore, in theory, an STO could give a disabled/displaced student a scholarship from disabled/displaced corporate donations for the lesser of the cost of tuition or 90% of state aid limitations plus a scholarship from the original corporate donation program up to the scholarship limitations in law plus a scholarship of any amount from the individual donation program.

If my STO gives a scholarship to a disabled/displaced student from individual donations, do I report it on the disabled/displaced report?

No. Any scholarship given out of individual donations is reported only on the individual donation report. Only scholarships funded from disabled/displaced corporate donations are reported on the disabled/displaced report.

Is there any limit to the amount of money corporations can donate for the disabled/displaced student scholarships in a fiscal year?

Yes. There is a limit of \$5 million of corporate donations. This amount remains constant from year to year.

Is there any limit to the amount of money a single corporation can donate?

No.

How does the corporate donation process work?

1. A corporation contacts the STO to which they wish to donate or the STO contacts corporations to solicit donations.
2. The corporation indicates the amount of donation they wish to make.

3. The STO fills out an approval form created by ADOR and mails it to Georganna Meyer by EXPRESS mail. A copy of the approval form is attached as Attachment V. For this program, check the box at the top that says “This donation is for the corporate disabled/displaced students credit (A.R.S. § 43-1184).”

4. Be sure to check the appropriate box if the corporation you are dealing with is an insurance company. ADOR must let the Arizona Department of Insurance know what corporations are taking this credit. If the box is not checked, ADOR won’t let the Arizona Department of Insurance know of the donation and the insurance premium tax credit claim would be denied.

5. Georganna Meyer responds to the request for approval within 20 days. The request shall be approved if there is credit available under the maximum allocation allowed for the fiscal year.

6. Georganna Meyer will fax approval or denial to the STO.

7. If the donation is approved, the STO has 10 days to receive the donation from the corporation. (This is ten calendar days but consideration will be made for holidays that fall in the 10-day period.)

8. The STO must notify ADOR of receipt of the donation or if the STO does not receive a timely donation from the corporation. ADOR needs to know the exact date the donation is received.

Instructions for this procedure and the approval form can be found on the ADOR website. The address for the procedures is listed below. The application for approval can be found at the end of this document as Attachment V.

www.azdor.gov/LinkClick.aspx?fileticket=U0APyV2VUrw%3d&tabid=136&mid=595.

The corporate donation process indicates that the pre-approval must be sent EXPRESS mail. Can’t I just fax the form to Georganna?

No. The amount of money that can be donated by a corporation is limited. The only way to determine whose donation is approved under the limitation is to require a date and time stamp, which appears on EXPRESS mail. Not every STO is close enough to ADOR to hand-deliver the approval form and not all STOs necessarily have access to fax. Therefore, the only way to give all STOs an equal opportunity to have their corporate donations approved is to require EXPRESS mail.

Can an S-corp participate in this tax credit?

If the S-corp files its tax on a 120 Corporate Income Tax Return, then it can donate money to receive a credit. If the S-corp passes its liability through to its individual shareholders or partners, it cannot donate money to receive a credit under this program.

Can a corporation direct its donation to the benefit of a particular student?

No.

Can a corporation direct its donation to the benefit of a particular school?

If the STO chooses to allow this, it is not forbidden by statute.

My STO provided a scholarship to a student to attend a particular school. Now that family wants the student to attend a different school. Is this okay?

According to the law, an STO must require that students use their scholarships on a full-time basis. If a child leaves the school before completing an entire school year, the school shall refund the unused portion of the scholarship. The STO shall use the refunded portion for future year scholarships.

When is the next annual report from STOs for disabled/displaced corporate donations due to ADOR?

The next annual report from an STO for disabled/displaced corporate donations is due to ADOR on June 30, 2011. This report will cover calendar year 2010. The following pieces of information are required from the STO:

1. Name, address and contact person of the STO;
2. Total # of contributions received during calendar year 2010;
3. Total \$ amount of contributions received during calendar year 2010;
4. Total # of children receiving educational scholarships or tuition grants during calendar year 2010;
5. Total \$ amount of educational scholarships or tuition grants paid in calendar year 2010;
6. Name and address of each school to which the educational scholarships or tuition grants went; and,
7. The number and \$ amount of educational scholarships or tuition grants going to each school in calendar year 2010.

This is the last annual report that will be done on a calendar year basis. This will be the report that determines the amount of “old” money available to STOs to spend before applying the 2-year rule to “new” money. Therefore, one additional piece of information will be required by ADOR: the total dollar amount of scholarship money being held for identified students’ scholarships in future years. An example of the report can be found at the end of this document as Attachment XI.

What happens with the annual reports after June 30, 2010?

After June 30, 2010, the annual reports will be on a fiscal year basis. Fiscal year means the period July 1 through June 30. The first annual report for a fiscal year will be due on September 30, 2011, for fiscal year 2011 (July 1, 2010 through June 30, 2011). Beginning with this report, the following information is required from STOs:

1. Name, address and contact person of the STO;
2. Total STO revenues related to disabled/displaced corporate donations received in the fiscal year (July 1 through June 30);
3. Total # of disabled/displaced corporate donations received during the fiscal year (from July 1 through June 30);
4. Total \$ amount of disabled/displaced corporate donations received during the fiscal year (from July 1 through June 30);
5. Total # of children receiving educational scholarships or tuition grants during the fiscal year (from July 1 through June 30);
6. Total \$ amount of educational scholarships or tuition grants paid in the fiscal year (from July 1 through June 30);
7. Total \$ amount of scholarship money being held for identified students’ scholarships in future years;

8. Cost of audits and financial reviews pursuant to A.R.S. § 43-1607. (This piece of information may be unavailable for the annual report due September 30, 2011, because the STO may not have paid for an audit or review yet.);

9. Name and address of each school to which the educational scholarships or tuition grants were paid;

10. The number and \$ amount of educational scholarships or tuition grants going to each school in the fiscal year;

11. Total \$ amount of scholarship money being held for identified students' scholarships in future years; and,

12. Names, job titles and annual salaries of the 3 employees who receive the highest annual salaries from the STO.

For fiscal year 2011 only, the STO will need to break the scholarship and donation information provided six-month periods, July 1 through December 31 and January 1 through June 30, 2011. This is necessary to avoid double-counting donations and scholarships during the transition period from calendar year reporting to fiscal year reporting. An example of the report can be found at the end of this document as Attached XII.

One of the new items ADOR is asking for on the annual report is total revenues related to disabled/displaced corporate donations. What does this mean?

In order for ADOR to determine if the STO is complying with the 90% rule, the STO will have to report total revenues received in the fiscal year. Total revenues include donations, interest earned on disabled/displaced corporate donations, out-of-state donations, etc.

In the listing of information items requested on the annual report, emphasis is placed on the words "received" and "paid." Why?

STO reporting has always been on a cash basis. How much in donations was actually received during the reporting period? This wouldn't include checks dated within the reporting period but not actually received until the following reporting period. How much in scholarships was paid out in the reporting period? This wouldn't include scholarships that were promised or awarded but not actually paid.

Does my STO have to have a financial review or audit?

Yes. The new law requires either financial audits or reviews for all STOs accepting corporate donations.

What do the financial reviews or audits involve?

STOs receiving \$1 million or more in "original" corporate donations plus disabled/displaced corporate donations in the previous fiscal year must provide for a financial audit of the organization. The audit must be conducted according to generally accepted auditing standards. The audit must evaluate the STO's compliance with the fiscal requirements of Title 43, Chapter 15, Article 1. The audit must be conducted by an independent CPA licensed in Arizona. The CPA and the firm with which the CPA is affiliated must be independent with respect to the STO, its officers and directors.

STOs receiving less than \$1 million in “original” corporate donations plus disabled/displaced corporate donations in the previous fiscal year must provide for a financial review of the organization. The review must be conducted in accordance with standards for accounting and review services and must evaluate the STO’s compliance with the fiscal requirements of Title 43, Chapter 15, Article 1.

So my STO received \$950,000 in “original” corporate donations and \$100,000 in disabled/displaced corporate donations. Do we have to have an audit or review?

Your STO must have an audit. The total corporate donations from both programs exceeds \$1 million.

When must the financial audit or review be complete?

The STO must have an engagement letter with a CPA by September 30 of each year. A copy of this letter should be attached to the STO’s annual report. The first audit or review must be provided for by September 30, 2011 for fiscal year 2011. The audit or review should be complete and submitted by December 31.

Do I need to send a copy of the audit or review to ADOR?

A copy of the audit or review must be received by ADOR within 5 days of its receipt by the STO. The STO should send a copy of the audit or review by certified mail to:

Georganna Meyer
Chief Economist
OERA, Arizona Department of Revenue
1600 W. Monroe, 9th Floor
Phoenix, AZ 85007

V. VIOLATIONS OF LAW; NOTIFICATION PROCESS

ADOR shall send written notice by certified mail if it determines that an STO has engaged in:

- Failing or refusing to allocate at least 90% of annual revenues for scholarships;
- Failing or refusing to file the prescribed annual report;
- Limiting availability of scholarships to students of one school;
- Encouraging, facilitating or knowingly permitting taxpayers to engage in actions prohibited by Article 15 or Article 16;
- Awarding, restricting or reserving scholarships for use by a particular student based solely on the recommendation of a donor (individual donations only);
- Failing to allow ADOR to verify that the scholarships that are issued are awarded to students who attend a qualified school.

If ADOR notifies an STO of a violation, how long does the STO have to correct it?

The STO has 90 days to correct a violation.

What happens if the STO does not correct the violation?

If the STO fails to correct the violation, ADOR will remove the STO from the certification list. At that time, the STO can no longer accept donations from taxpayers for purposes of the tax credit and must inform its donors.

What if the STO disagrees with ADOR's decision that the STO has violated the law?

The STO may request an administrative hearing on the revocation of its certification. This hearing will be held by the Office of Administrative Hearings.

How will ADOR monitor the 90% rule?

ADOR will be asking each STO to report its total revenues for the fiscal year on each annual report. This amount less the cost of the audit or review multiplied by 90% is the amount of scholarships that should be paid out of that year's revenues. ADOR will allow two years after the close of the fiscal year in which the revenues were received for the STO to spend the money.

EXAMPLE: STO ABC had \$50,000 in revenues in fiscal year 2011. \$5,000 was spent on their financial review, leaving \$45,000. 90% of \$45,000 is \$40,500. \$40,500 in scholarship must be paid by the end of fiscal year 2013. If the STO was operational prior to fiscal year 2011 and had beginning funds of \$40,000, ADOR will expect this STO to pay \$80,500 in scholarships by the end of fiscal year 2013.

What does the term "beginning funds" mean?

For every STO in operation prior to the new law, ADOR will review their donation and scholarship patterns. Assuming that 90% of donations is paid out in scholarships (some STOs pay out more than 90%, but for this purpose, 90% will be used), total donations since the STO's first year in operation through 12/31/10 multiplied by 90% less total scholarships paid since the STO's first year in operation through 12/31/10 equals the beginning funds.

What if my STO only provides scholarships to one school?

If on your annual report you show scholarships paid to only one school, ADOR will ask for proof that you have not limited availability to only one school.

How will ADOR monitor the other items that are basis for revoking certification but are not so clear as to how to determine if the STO is in compliance?

This is a new administrative function for ADOR. Initially, the STO's signature on the application for certification will suffice. However, sometime during the first year, ADOR will begin to create procedures for verification of compliance.

Not all STOs will be reviewed every year. The first few STOs to be reviewed will be "guinea pigs" of a sort while ADOR tries to determine what will work. Throughout the year, websites, brochures and applications for scholarships will be monitored. This will be a learning process for ADOR and STOs alike.

If I still have questions, who can I call?

Call Georganna Meyer at 602-716-6927 or Karen Jacobs at 602-716-6923.



ARIZONA DEPARTMENT OF REVENUE

SCHOOL TUITION ORGANIZATION APPLICATION FOR CERTIFICATION TO RECEIVE INDIVIDUAL DONATIONS A.R.S. § 43-1089

I, _____ hereby certify that
Executive Director or President's name and title here

_____ meets each of
Name of School Tuition Organization

the following criteria to be considered for certification as a school tuition organization:

A.R.S. § 43-1602.A states that a "nonprofit organization that is exempt or has applied for exemption from federal taxation under section 501(c)(3) may apply to the Department of Revenue for certification". Please sign in the space below verifying that you are a 501(c)(3) organization or have applied for 501(c)(3) status. Attach a copy of your 501(c)(3) letter from the Internal Revenue Service. If you are waiting for your exemption letter from the Internal Revenue Service, please indicate here the date you applied. _____ Forward a copy of the 501(c)(3) letter when received.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1603.B.1 states that a school tuition organization must allocate at least 90% of its annual revenue for education scholarships or tuition grants. By my signature below, I certify that the above-named school tuition organization will allocate 90% of its annual revenues for educational scholarships or tuition grants, as defined by the Arizona Department of Revenue.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1603.B.2 states that a school tuition organization shall not limit the availability of education scholarships or tuition grants to only students of one school. By my signature below, I certify that the above-named school tuition organization will not limit the availability of education scholarships or tuition grants to only students of one school.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1603.B.3 states that a school tuition organization may allow donors to recommend student beneficiaries, but shall not award, designate or reserve scholarships solely on the basis of donor recommendations. By my signature below, I certify that the above-named school tuition organization will not award, designate or reserve scholarships solely on the basis of donor recommendations.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1603.B.4 states that a school tuition organization shall not allow donors to designate student beneficiaries as a condition of any contribution to the organization, or facilitate, encourage or knowingly permit the exchange of beneficiary student designations. By my signature below, I certify that the above-named school tuition organization will not take contributions with a student beneficiary as a condition of the donation and will not allow the practice of beneficiary “swapping”.

My organization meets this criteria: _____
Signature

By my signature below, I certify that the above-named school tuition organization will allow the Arizona Department of Revenue to perform this verification in a manner of its choosing.

Signature of Executive Director or President

Date

Print Name of Executive Director or President

Title

Address of School Tuition Organization

City, State and ZIP Code

Telephone Number of School Tuition Organization

Website Address of Organization

E-mail Address 1

E-mail Address 2

Print

Reset form

This application should be mailed to the following address:

Georganna Meyer, Chief Economist
Office of Economic Research and Analysis
Arizona Department of Revenue
PO Box 25248
Phoenix, AZ 85002-5248

Unless otherwise directed, the Executive Director or President will be placed on the Certified School Tuition Organization list as the contact person.

If you have questions regarding completion of this form, contact Georganna Meyer at (602) 716-6927.

ADOR 11137 (7/10)



ARIZONA DEPARTMENT OF REVENUE

SCHOOL TUITION ORGANIZATION APPLICATION FOR CERTIFICATION TO RECEIVE CORPORATE DONATIONS A.R.S. § 43-1183, A.R.S. § 43-1184. A.R.S. § 20-224.06 AND A.R.S. § 20-224.07

I, _____ hereby certify that
Executive Director or President's name and title here

_____ meets each of
Name of School Tuition Organization

the following criteria to be considered for certification as a school tuition organization:

A.R.S. § 43-1502.A states that a "nonprofit organization that is exempt or has applied for exemption from federal taxation under section 501(c)(3) may apply to the Department of Revenue for certification". Please sign in the space below verifying that you are a 501(c)(3) organization or have applied for 501(c)(3) status. Attach a copy of your 501(c)(3) letter from the Internal Revenue Service. If you are waiting for your exemption letter from the Internal Revenue Service, please indicate here the date you applied. _____ Forward a copy of the 501(c)(3) letter when received.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1503.B.1 states that a school tuition organization must allocate at least 90% of its annual revenue for education scholarships or tuition grants. By my signature below, I certify that the above-named school tuition organization will allocate 90% of its annual revenues for educational scholarships or tuition grants, as defined by the Arizona Department of Revenue.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1503.B.2 states that a school tuition organization shall not limit the availability of education scholarships or tuition grants to only students of one school. By my signature below, I certify that the above-named school tuition organization will not limit the availability of education scholarships or tuition grants to only students of one school.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1503.B.3 states that a school tuition organization must allow the Department of Revenue to verify the education scholarships or tuition grants that are issued are awarded to students who attend a qualified school. By my signature below, I certify that the above-named school tuition organization will allow the Arizona Department of Revenue to do this verification in a manner of their choosing.

My organization meets this criteria: _____
Signature

A.R.S. § 43-1502.C.4 states that a school tuition organization may not encourage, facilitate or knowingly permit taxpayers to engage in actions prohibited by Title 43, Chapter 15, Article 1. By my signature below, I certify that the above-named school tuition organization will not encourage, facilitate or knowingly permit taxpayers to engage in actions prohibited by Title 43, Chapter 15, Article 1.

My organization meets this criteria: _____
Signature

By my signature below, I certify that the above-named school tuition organization will allow the Arizona Department of Revenue to perform this verification in a manner of its choosing.

Signature of Executive Director or President _____ Date _____

Print Name of Executive Director or President _____ Title _____

Address of School Tuition Organization _____

City, State and ZIP Code _____

Telephone Number of School Tuition Organization _____ Website Address of Organization _____

E-mail Address 1 _____ E-mail Address 2 _____

Print

Reset form

This application should be mailed to the following address:

Georganna Meyer, Chief Economist
Office of Economic Research and Analysis
Arizona Department of Revenue
PO Box 25248
Phoenix, AZ 85002-5248

Unless otherwise directed, the Executive Director or President will be placed on the Certified School Tuition Organization list as the contact person.

If you have questions regarding completion of this form, contact Georganna Meyer at (602) 716-6927.

ADOR 11131 (7/10)

**ARIZONA SCHOOL TUITION ORGANIZATION REPORT FOR DONATIONS FROM INDIVIDUALS
DUE TO THE ARIZONA DEPARTMENT OF REVENUE BY FEBRUARY 28, 2011
For Calendar Year 2010**

Part I: School Tuition Organization Information:

1	School Tuition Organization Name	
2	STO Address	
3	STO Contact Name	
4	STO Contact Phone #	

Part II: Donor and Scholarship/Grant Information:

5	Total # of donors	
6	Total amount of contributions	\$
7	Total # of children receiving scholarships/grants in the calendar year	
8	Total amount of scholarships/grants awarded in the calendar year	\$
9	<i>Total amount of scholarship/grant money being held for identified students' scholarships in future years.</i>	\$

For each school that received money to issue scholarships or grants, provide: the name and address of the school, the total dollar amount of educational scholarships and tuition grants, and the total # of recipients.

School Name	School Address	Amount	#

If additional space is required, please attach a separate sheet containing the required information.

This form is to be completed by a School Tuition Organization **BY FEBRUARY 28, 2011** to provide information required by A.R.S. § 43-1089E. Completed forms should be mailed **BY FEBRUARY 28, 2011** to:

Georganna Meyer
Chief Economist
Office of Economic Research & Analysis
Arizona Department of Revenue
1600 W. Monroe, 9th Floor
Phoenix, AZ 85007

Feel free to fax the report to me **BY FEBRUARY 28, 2011** at 602-716-7991. You can also e-mail the report. If you have any questions, call me at 602-716-6927 or e-mail me at gmeyer@azdor.gov

**ARIZONA SCHOOL TUITION ORGANIZATION REPORT FOR DONATIONS FROM INDIVIDUALS
DUE TO THE ARIZONA DEPARTMENT OF REVENUE BY SEPTEMBER 30, 2011
For Fiscal Year 2011**

Part I: School Tuition Organization Information:

1	School Tuition Organization Name	
2	STO Address	
3	STO Contact Name	
4	STO Contact Phone #	

Part II: Donor and Scholarship/Grant Information:

		For July 1 thru Dec. 31	For Jan. 1 thru June 30
5	Total STO revenues related to individual donations in Fiscal Year 2011	\$	\$
6	Total # of donors		
7	Total amount of contributions	\$	\$
8	Total # of children receiving scholarships/grants in the calendar year		
9	Total amount of scholarships/grants awarded in the calendar year	\$	\$
10	Total amount of scholarship/grant money being held for identified students' scholarships in future years.	\$	\$
11	Total amount of scholarships awarded to students with family income up to 185% of poverty level.	\$	\$
12	Total amount of scholarships awarded to student with family income from 185% of poverty level to 342.25% of poverty level	\$	\$

Cost of audit or review pursuant to A.R.S. § 43-1607: \$ _____

Submit a copy of your audit or review engagement letter with this form.

For each school that received money to issue scholarships or grants, provide: the name and address of the school, the total dollar amount of educational scholarships and tuition grants, and the total # of recipients.

SCHOOL NAME	SCHOOL ADDRESS	AMOUNT	#
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

If additional space is required, please attach a separate sheet containing the required information. Please maintain this format, however.

THE 3 STO EMPLOYEES RECEIVING THE HIGHEST ANNUAL SALARY FROM THE STO:

NAME	JOB TITLE AT STO	ANNUAL SALARY FROM STO
		\$
		\$
		\$

This form shall be completed by a School Tuition Organization **BY SEPTEMBER 30, 2011** to provide information required by A.R.S. § 43-1604. Completed forms should be mailed **BY SEPTEMBER 30, 2011** to:

Georganna Meyer
 Chief Economist
 Office of Economic Research & Analysis
 Arizona Department of Revenue
 1600 W. Monroe, 9th Floor
 Phoenix, AZ 85007

Reports may also be faxed to 602-716-7991 or e-mailed to gmeyer@azdor.gov
 Call Georganna with questions at 602-716-6927.

**APPLICATION FOR APPROVAL FOR THE CORPORATE INCOME
TAX CREDIT FOR DONATIONS TO SCHOOL TUITION ORGANIZATIONS
(A.R.S. § 43-1183) OR CORPORATE INCOME TAX CREDIT FOR
DISABLED / DISPLACED STUDENTS (A.R.S. § 43-1184)**

Please print legibly or type. Failure to complete the form will result in a delay in the processing of the request, resulting in an extension of the twenty-day approval period and possibly being moved down in the line for credit requests. This form will be faxed to the STO, if approved.

Mail the complete form via EXPRESS MAIL TO:

Georganna Meyer, Chief Economist
Arizona Department of Revenue
PO Box 25248
Phoenix, AZ 85002

If you have questions regarding completion of this form, contact Georganna Meyer at (602) 716-6927.

<input type="checkbox"/> This donation is for the corporate tuition organization credits (A.R.S. § 43-1183).
<input type="checkbox"/> This donation is for the corporate disabled / displaced students credit (A.R.S. § 43-1184).

STO requesting pre-approval:		
STO street address:		
City:	State	ZIP Code
STO contact person and phone number:	Fax number:	

Corporation requesting to donate:		
Corporate street address:		
City:	State	ZIP Code
Corporate FEIN:	Check this box if this corporation pays insurance premium tax: <input type="checkbox"/>	
Amount the corporation is requesting to donate: \$		

Print

Reset form

ARIZONA SCHOOL TUITION ORGANIZATION REPORT
FOR CORPORATE DONATIONS FOR THE ORIGINAL CORPORATE CREDIT
DUE BY JUNE 30, 2011 TO THE ARIZONA DEPARTMENT OF REVENUE

For Calendar Year **2010**

Part I: School Tuition Organization Information:

1	School Tuition Organization Name	
2	STO Address	
3	STO Contact Name	
4	STO Contact Phone #	

Part II: Donor and Scholarship/Grant Information:

5	Total # of donors	
6	Total amount of contributions	\$
7	Total # of children receiving scholarships/grants in the calendar year	
8	Total amount of scholarships/grants awarded in the calendar year	\$
9	<i>Total amount of scholarship/grant money being held for identified students' scholarships in future years.</i>	\$

For each school that received money to issue scholarships or grants, provide: the name and address of the school, the total dollar amount of educational scholarships and tuition grants, and the total # of recipients.

School Name	School Address	Amount	#

If additional space is required, please attach a separate sheet containing the required information.

A.R.S. § 43-1183 also requires verification that an independent review of financial statements be completed by a CPA for the previous calendar year. The signature below of the CPA certifies that such an independent review was completed.

Signature & Date

Printed Name	
CPA Business Name	
CPA Address	
CPA Contact Phone #	

This form is to be completed by a School Tuition Organization **BY JUNE 30, 2011** to provide information required by A.R.S. § 43-1183.P. Completed forms should be mailed **BY JUNE 30, 2011** to:

Georganna Meyer
Chief Economist
Office of Economic Research & Analysis
Arizona Department of Revenue
1600 W. Monroe, 9th Floor
Phoenix, AZ 85007

Feel free to fax the report to me **BY JUNE 30, 2011** at 602-716-7991. You can also e-mail the report. If you have any questions, call me at 602-716-6927 or e-mail me at gmeyer@azdor.gov

**ARIZONA SCHOOL TUITION ORGANIZATION REPORT FOR DONATIONS FROM CORPORATIONS
DUE TO THE ARIZONA DEPARTMENT OF REVENUE BY SEPTEMBER 30, 2011
For Fiscal Year 2011**

Part I: School Tuition Organization Information:

1	School Tuition Organization Name	
2	STO Address	
3	STO Contact Name	
4	STO Contact Phone #	

Part II: Donor and Scholarship/Grant Information:

		For July 1 thru Dec. 31	For Jan. 1 thru June 30
5	Total STO revenues related to corporate donations in Fiscal Year 2011	\$	\$
6	Total # of donors		
7	Total amount of contributions	\$	\$
8	Total # of children receiving scholarships/grants in the calendar year		
9	Total amount of scholarships/grants awarded in the calendar year	\$	\$
10	Total amount of scholarship/grant money being held for identified students' scholarships in future years.	\$	\$

Cost of audit or review pursuant to A.R.S. § 43-1607: \$ _____

Submit a copy of your audit or review engagement letter with this form.

For each school that received money to issue scholarships or grants, provide: the name and address of the school, the total dollar amount of educational scholarships and tuition grants, and the total # of recipients.

SCHOOL NAME	SCHOOL ADDRESS	AMOUNT	#
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

If additional space is required, please attach a separate sheet containing the required information. Please maintain this format, however.

THE 3 STO EMPLOYEES RECEIVING THE HIGHEST ANNUAL SALARY FROM THE STO:

NAME	JOB TITLE AT STO	ANNUAL SALARY FROM STO
		\$
		\$
		\$

This form shall be completed by a School Tuition Organization **BY SEPTEMBER 30, 2011** to provide information required by A.R.S.§ 43-1506. Completed forms should be mailed **BY SEPTEMBER 30, 2011** to:

Georganna Meyer
Chief Economist
Office of Economic Research & Analysis
Arizona Department of Revenue
1600 W. Monroe, 9th Floor
Phoenix, AZ 85007

Reports may also be faxed to 602-716-7991 or e-mailed to gmeyer@azdor.gov
Call Georganna with questions at 602-716-6927.

Application for Eligibility for Disabled / Displaced Students

(This form is NOT an application for a scholarship. Contact a School Tuition Organization for a scholarship application.)

Pupil Name: _____			Social Security Number: _____		
First	Middle	Last			
If adopted, pupil's pre-adopted name: _____					
Any other aliases the pupil may have gone by: _____					
Address: _____					
City, State, and ZIP code: _____					
Date of Birth: _____		Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female		Phone Number: _____	
Please check the box next to the category which qualifies the student:					
<input type="checkbox"/> IEP (attach a copy to application)					
<input type="checkbox"/> 504 Plan (attach a copy to application)					
<input type="checkbox"/> Child was placed in foster care in Arizona pursuant to Title 8, Chapter 5.					
Last Public School Attended: _____					
School District: _____					
Dates of Attendance in Public School (mm/yy to mm/yy): _____					
Current Grade Level: _____					
Legal Guardian Name(s): _____					
Address (if different from pupil's address): _____					
City, State, and ZIP code: _____					
Phone Number: _____			Alternate Phone Number: _____		
E-mail Address: _____					

I certify that the above named student attended a public primary or secondary school for at least the first one hundred days of the prior academic year.

Parent/Guardian Name (please print)

Signature

Date

Please send completed form and necessary attachments to:

[Print](#)

[Reset form](#)

Karen Jacobs, Senior Economist
Office of Economic Research and Analysis
Arizona Department of Revenue
PO Box 25248
Phoenix, AZ 85002-5248

If you have any questions regarding completion of this form, contact Karen Jacobs at (602) 716-6923.

**Information Release Form for Educational Scholarships
for Disabled/Displaced Students**

For purposes of the Disabled/Displaced Scholarship Program, I permit the Arizona Department of Revenue
to provide information regarding the eligibility status and scholarship limitation for

_____ (student's name) to the following School Tuition

Organization: _____.

STO Contact Person: _____

Phone: _____ Fax: _____

Email: _____

Parent/Guardian Name (please print)

Phone: _____ Email: _____

Signature Date

Please fax form to: (602) 716-7991
Attn: Karen Jacobs
Office of Economic Research and Analysis
Arizona Department of Revenue

Or email to: kjacobs@azdor.gov

Attachment X

**Disabled/Displaced Student Scholarship Limit
2010/11 Academic Year**

Student Name	SAMPLE
Qualified School	
Qualified school attended in 2009/10 (verified by STO)	
2010/11 Grade	
2010/11 Tuition Amount (full year)	\$
2010/11 90% of State Aid	\$
2010/11 Disabled/Displaced Scholarship Maximum (lesser of 90% state aid or tuition)	\$
Amount Available as of:	\$

STOs must complete the form with the amount of scholarship to be awarded to the student and return the form to Karen Jacobs by fax (602) 716-7991, or email kjacobs@azdor.gov.

Delay in returning the form may change the amount of scholarship available. I will email confirmation of scholarship amount when received.

Amount of Disabled/Displaced Scholarship	
STO	
STO Contact Person	
Contact phone number	
Contact Email	

ARIZONA SCHOOL TUITION ORGANIZATION REPORT
FOR CORPORATE DONATIONS FOR DISABLED/DISPLACED STUDENT SCHOLARSHIPS
DUE BY JUNE 30, 2011 TO THE ARIZONA DEPARTMENT OF REVENUE

For Calendar Year **2010**

Part I: School Tuition Organization Information:

1	School Tuition Organization Name	
2	STO Address	
3	STO Contact Name	
4	STO Contact Phone #	

Part II: Donor and Scholarship/Grant Information:

5	Total # of donors	
6	Total amount of contributions	\$
7	Total # of children receiving scholarships/grants in the calendar year	
8	Total amount of scholarships/grants awarded in the calendar year	\$
9	<i>Total amount of scholarship/grant money being held for identified students' scholarships in future years.</i>	\$

For each school that received money to issue scholarships or grants, provide: the name and address of the school, the total dollar amount of educational scholarships and tuition grants, and the total # of recipients.

School Name	School Address	Amount	#

If additional space is required, please attach a separate sheet containing the required information.

A.R.S. § 43-1183 also requires verification that an independent review of financial statements be completed by a CPA for the previous calendar year. The signature below of the CPA certifies that such an independent review was completed.

Signature & Date

Printed Name	
CPA Business Name	
CPA Address	
CPA Contact Phone #	

This form is to be completed by a School Tuition Organization **BY JUNE 30, 2011** to provide information required by A.R.S. § 43-1183.P. Completed forms should be mailed **BY JUNE 30, 2011** to:

Georganna Meyer
Chief Economist
Office of Economic Research & Analysis
Arizona Department of Revenue
1600 W. Monroe, 9th Floor
Phoenix, AZ 85007

Feel free to fax the report to me **BY JUNE 30, 2011** at 602-716-7991. You can also e-mail the report. If you have any questions, call me at 602-716-6927 or e-mail me at gmeyer@azdor.gov

**ARIZONA SCHOOL TUITION ORGANIZATION REPORT FOR DONATIONS FROM CORPORATIONS
FOR DISABLED/DISPLACED STUDENT SCHOLARSHIPS
DUE TO THE ARIZONA DEPARTMENT OF REVENUE BY SEPTEMBER 30, 2011
For Fiscal Year 2011**

Part I: School Tuition Organization Information:

1	School Tuition Organization Name	
2	STO Address	
3	STO Contact Name	
4	STO Contact Phone #	

Part II: Donor and Scholarship/Grant Information:

		For July 1 thru Dec. 31	For Jan. 1 thru June 30
5	Total STO revenues related to disabled/displaced corporate donations in Fiscal Year 2011	\$	\$
6	Total # of donors		
7	Total amount of contributions	\$	\$
8	Total # of children receiving scholarships/grants in the calendar year		
9	Total amount of scholarships/grants awarded in the calendar year	\$	\$
10	Total amount of scholarship/grant money being held for identified students' scholarships in future years.	\$	\$

Cost of audit or review pursuant to A.R.S. § 43-1607: \$ _____

Submit a copy of your audit or review engagement letter with this form.

For each school that received money to issue scholarships or grants, provide: the name and address of the school, the total dollar amount of educational scholarships and tuition grants, and the total # of recipients.

SCHOOL NAME	SCHOOL ADDRESS	AMOUNT	#
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

If additional space is required, please attach a separate sheet containing the required information. Please maintain this format, however.

THE 3 STO EMPLOYEES RECEIVING THE HIGHEST ANNUAL SALARY FROM THE STO:

NAME	JOB TITLE AT STO	ANNUAL SALARY FROM STO
		\$
		\$
		\$

This form shall be completed by a School Tuition Organization **BY SEPTEMBER 30, 2011** to provide information required by A.R.S. § 43-1506. Completed forms should be mailed **BY SEPTEMBER 30, 2011** to:

Georganna Meyer
 Chief Economist
 Office of Economic Research & Analysis
 Arizona Department of Revenue
 1600 W. Monroe, 9th Floor
 Phoenix, AZ 85007

Reports may also be faxed to 602-716-7991 or e-mailed to gmeyer@azdor.gov
 Call Georganna with questions at 602-716-6927.